

L E A S E

LEASE made this 18<sup>th</sup> day of SEPTEMBER, 1957, by and between ASSUNTA DESIMONE, a widow, and THE NATIONAL BANK OF COMMERCE OF SEATTLE, HAROLD S. SHEFELMAN, RICHARD DESIMONE and MONDO DESIMONE, as trustees under the Last Will and Testament of GIUSEPPE DESIMONE, deceased, hereinafter referred to as "Lessors," and BOEING AIRPLANE COMPANY, a Delaware corporation, hereinafter referred to as "Lessee," WITNESSETH:

1. Leased Property. Lessors hereby lease to Lessee the property marked in red on the map attached hereto designated Exhibit "A" and by this reference made a part hereof (which map Lessors represent to be a field survey of said property), said property being situate in the County of King, State of Washington, more particularly described as follows:

That portion of Tracts 56, 61, 62, 63 and 64, Moore's Five Acre Tracts, according to the plat thereof recorded in volume 9 of plats, page 28, records of King County, Washington, and of vacated Francis Avenue, described as follows:

Beginning at intersection of the northerly line of Tract 64 with the westerly margin of East Marginal Way; thence south  $23^{\circ}40'12''$  east along said westerly margin 60.16 feet; thence south  $62^{\circ}01'41''$  west parallel with said northerly line 442.99 feet to the true place of beginning of this description; thence continuing south  $62^{\circ}01'41''$  west, 1347.23 feet to the easterly margin of Duwamish Waterway; thence south  $15^{\circ}00'00''$  east along said easterly margin 195.03 feet to the meander line on left bank of the Duwamish River; thence along said meander line north  $62^{\circ}56'13''$  east, 161.60 feet; thence along said meander line north  $47^{\circ}24'21''$

east, 84.22 feet; thence along said meander line north 57°58'16" east, 258.32 feet; thence along said meander line north 78°02'36" east, 226.92 feet; thence along said meander line north 76°01'30" east, 152.91 feet; thence along said meander line south 88°21'30" east, 634.94 feet; thence along said meander line north 75°26'03" east, 90.96 feet; thence leaving said meander line north 24°28'38" west, 528.24 feet; thence south 62°01'41" west, 153.00 feet; thence north 24°28'38" west, 60.11 feet to the true place of beginning.

Subject to:

(1) the tenancy of H. P. Fisher & Sons of a certain portion of the leased property which the Lessors represent to be a month-to-month tenancy;

(2) the tenancy of (b)(6) of a certain portion of the leased property which the Lessors represent to be a month-to-month tenancy; and

(3) railroad spur track agreement dated September 13, 1957, between the Lessors and Coast Storage, Inc., a copy of which agreement, which Lessors represent to be true, having been delivered to Lessee concurrently with the execution hereof.

2. Adjustments and/or Additions to Leased Property.

(a) Addition of Slip No. 7. All of such portion or portions of the abandoned bed of the Duwamish River known as Slip No. 7 located southerly of the westerly portion of the leased property, as Lessors may acquire during the term of this lease shall, upon such acquisition or acquisitions, be added to the leased property.

(b) Addition of Vacated County Road. All of such portion or portions of the present county road (designated as So. 98th

Street on Exhibit "A") lying west of the southerly projection of the easterly line of the leased property, as Lessors may acquire during the term of this lease shall, upon such acquisition or acquisitions, be added to the leased property. In the event that at any time and from time to time during the term of this lease Lessee notifies Lessors of its desire to secure the vacation of any portion or portions of said county road westerly of that point on the northerly margin thereof which is 90.96 feet on a bearing of S 75°26'03" W from the southeasterly corner of the leased property, and in writing requests Lessors to cooperate and join in the application for such vacation, and in the event that Lessee shall have acquired the use (through purchase or lease) of that certain strip of property now owned by certain individuals doing business as Pankratz Lumber Co., located along the southerly margin of said county road, or so much thereof as abuts the portion or portions of said road desired by Lessee to be vacated westerly of said point, then Lessors will so cooperate and join in such application, with the understanding that:

(1) All miscellaneous expenses or cost in connection with such vacation, to the extent applicable to the northerly one-half of said road, shall be paid by Lessors up to but not exceeding an amount equal to the number of square feet of the northerly one-half of the portion of the road

so vacated, multiplied by fifty (50) cents per square foot or by the appraised per square foot land value last determined prior to such vacation pursuant to paragraph (d) of clause 4 hereof, whichever is greater, any excess over such amount to be borne by Lessee; provided, however, that if such application is not successful, each party shall pay all miscellaneous costs or expenses incurred by it in connection therewith, except that Lessee shall bear such part of Lessors' costs and expenses which Lessors may incur at Lessee's request.

(ii) The area of the portions of said road as Lessors may thus acquire shall immediately upon acquisition by Lessors be added to the leased property.

(iii) If the date on which Lessors shall so acquire a portion of said road is less than five (5) years preceding the next date as of which Lessee has the right to terminate this lease as provided in clause 3, Lessee shall be deemed to have waived its right to terminate as of such next date, and any notice theretofore given by Lessee to Lessors electing to terminate on such date shall be deemed void for all purposes.

(iv) If Lessee requests Lessors to cooperate and join in a withdrawal of such application, at any time that such application may be withdrawn without acquiring any portion of said road, then Lessors will so cooperate and join in



such a withdrawal.

(c) As soon as practicable after any and each addition to the leased property pursuant to paragraphs (a) or (b) of this clause 2, Lessee will obtain at its expense a survey of the added property to ascertain the area by which the leased property is so extended. Each such survey shall be made by Horton Dennis & Associates or such other engineering firm as the parties hereto may mutually agree upon.

3. Lease Term. The term of this lease shall commence as of the 1st day of September, 1957, and shall continue for fifty (50) years, through the 31st day of August, 2007; provided, that the Lessee may terminate this lease as of the 31st day of August of the year 1967, 1977, 1987 or 1997, by giving notice thereof to Lessors at least one (1) year prior to the intended termination date.

4. Rent.

(a) For the leased property as described in clause 1, Lessee agrees and covenants to pay to Lessors, in two equal installments, one each on the 1st days of the months of September and March, respectively, during each year of the lease term, rental at an annual rate of \$10,906.65.

(b) In the event such leased property shall be extended by reason of addition of portions of Slip No. 7 as provided in paragraph (a) of clause 2 hereof, or by reason of addition of vacated

street area, as provided in paragraph (b) of clause 2 hereof, the annual rate of rental under paragraph (a) of this clause 4 shall be increased by 5% of the amount by which the leased property is so extended, multiplied (i) with respect to any such addition occurring during the first ten (10) years of the lease term, by fifty (50) cents per square foot, or (ii) with respect to any such addition thereafter occurring, by the appraised per square foot land value last determined prior to such addition pursuant to paragraph (d) hereof, any such increase to become effective immediately upon such addition, and, in discharge of Lessee's rental obligation with respect to such addition during the period from the time such addition becomes effective to the next rental payment date specified in said paragraph (a), Lessee shall pay to Lessors on said date an amount which bears the same proportion to the increase in said annual rental rate resulting from such addition as said period bears to one year.

(c) On the last day of the 10th, 20th, 30th and 40th years of the lease term, the annual rental provided for in paragraphs (a) and (b) above, as applicable, shall be adjusted to determine the new annual rental for the immediately following ten-year period. Such adjusted annual rental shall be 5% of the appraised per square foot land value, determined pursuant to paragraph (d) of this clause 4, multiplied by the number of square feet of land area subject to this lease.

(d) The appraised per square foot land value shall be the total appraised value of the land area subject to the lease, divided by the number of square feet of area therein contained, which total appraised value shall be determined subsequent to but as of the first day of the year preceding the ten (10) year period to which the new annual rental is applicable, in the following manner:

(i) By the agreement of the parties hereto.

(ii) In the event either party decides, subsequent to the date as of which such total appraised value is to be determined, that an agreement cannot be reached, such party may notify the other party of such decision. Within ten (10) days after such notification, each party shall appoint one (1) member of an appraisal board by notifying the other party of the appointment. Within thirty (30) days after the last such appointment, the two (2) appointees shall appoint a third member of the board, but if either party does not so appoint a member of the board or the two (2) appointees cannot so agree on a third member, upon application by either party with three (3) days' notice thereof to the other party, the then presiding judge of the Superior Court of the State of Washington in and for King County shall appoint the remaining member or members thereof. Said board, by agreement of any two (2) thereof, shall determine the total appraised value of the

land area subject to the lease at the full and fair market value thereof without any consideration of any improvements thereon or any public improvements for which Lessee shall have paid or be required to pay pursuant to clause 9 of this lease. However, in the event the board as appointed does not appraise the land as set forth above within sixty (60) days from the time said board is appointed, upon application by either party with three (3) days' notice thereof to the other party, the then presiding judge of the Superior Court of the State of Washington in and for King County shall appoint a board of one (1) who shall so appraise the land within thirty (30) days from the time of his appointment. The expense of determining the total appraised value of the land area subject to the lease as set out in this subparagraph shall be divided equally between the parties and each appointee to the appraisal board shall be a duly qualified real estate appraiser.

(e) In the event an adjusted annual rental is not determined as provided in this lease at the time an adjusted rental payment is due, such payment shall be made on the basis of the annual rental otherwise due and as soon as such adjusted annual rental is determined any additional amount shall be paid to Lessors or any reduced amount shall be refunded to Lessee.

5. Possession. Possession of the property leased hereunder



shall be taken by Lessee as of the commencement of the lease term, subject to the following conditions:

(a) The present tenancies of H. P. Fisher & Sons and (b)(6) referred to in paragraphs (1) and (2) of clause 1 above, shall be terminated by Lessors immediately upon execution of this lease, such terminations to be effective as soon as possible under the law, but in any event no later than the last day of the month following the month of such execution. Lessors agree that they will cause such tenants to remove as of the effective date of such termination, or as soon thereafter as Lessors may reasonably accomplish such removals with due diligence pursuant to law. Pending the removal of such tenants, the rental otherwise payable for the property leased hereunder shall be reduced by the rental payable by such tenants subsequent to the commencement of the lease term, and the credit to Lessee for such reduction shall be applied to the rental payable on the next rental payment date following the removals.

(b) With respect to the railroad spur track to be constructed in accordance with the "Railroad Spur Track Agreement" dated September 13, 1957, between Lessors and Coast Storage, Inc., previously identified in paragraph 3 of clause 1, Lessee shall have joint use thereof to the extent that said track is located on property now owned by Lessors, that is, from point where said spur track con-

nects with the lead track on East Marginal Way to the most westerly point where said track curves to the right (north) onto property owned by City Light, subject to the following:

(i) Lessee's use of said portion of the spur track to be constructed under the terms of the "Railroad Spur Track Agreement" shall be confined to the right of having freight cars switched over said spur track, and Lessee shall not store or spot railroad cars on said spur track for any purpose nor block the track nor so use the same as to unreasonably interfere with the similar use thereof by Lessors, Lessors' agents, employees, licensees and tenants of the Entire Tract referred to in said agreement, and Coast Storage, Inc.

(ii) At such time in the future as Lessee may have use for the spur track, to be constructed in accordance with the aforesaid agreement between Lessors and Coast Storage, Inc., Lessee will thereafter pay one-half of the maintenance cost thereafter accruing with respect to that portion of the spur track on Desimone-owned property so long as Coast Storage, Inc. jointly uses the track; but when, as and if Coast Storage, Inc. ceases to use the track, then thereafter the total maintenance of such portion shall be at the expense of Lessee, until such time as Lessee notifies

Lessors, in writing, that it has no further use for said track, in which event Lessee shall have no further obligation for the expense of such maintenance.

(iii) Lessee may extend the spur track on the property covered by this lease in any manner that it may desire, subject to requirements of the operating railroad or railroads. The cost of said spur track extension and the cost of maintenance thereof shall be the sole responsibility of Lessee.

6. Use of the Leased Property. Lessee may use the leased property for parking or storage or for construction, maintenance and use of buildings and facilities in connection with its operations. Lessee may at any time, at its expense, tear down or remove any existing improvements to the property, and may construct, erect or make improvements to the property, including without limitation filling, grading, and/or paving any portion of the leased property (including such portions of Slip No. 7 added thereto under paragraph (a) of clause 2, and such portions of vacated street area added thereto under paragraph (b) of clause 2). Any buildings, installations, spur tracks, additions, attachments or fixtures constructed or placed by Lessee on the leased property that are not removed by Lessee prior to the termination or expiration of this lease shall, upon such termination or expiration of this lease, be and become the property of the

without payment therefor. Lessee may, and at Lessors' shall, remove any such buildings, installations, spur additions, attachments, fixtures or other improvements; however, that Lessee's obligation to remove such improvements shall not be deemed to include asphalt or concrete or other hard surfacing or other items upon which Lessors Lessee may hereafter agree.

7. Title Insurance. As of the commencement of the term of lease, Lessors shall furnish at their expense (at a cost not exceed \$600.00, any additional cost to be borne by Lessee) a ten-year title insurance policy, insuring Lessee's leasehold estate in the leased property in the amount of \$200,000.00.

8. Condemnation. If, during the term of this lease, more than fifty per cent (50%) in area of the leased property as it exists at the time of the execution hereof is taken as the result of the exercise of the power of eminent domain, this lease, at Lessee's option, shall terminate on the date title is vested or possession is taken by the condemnor, whichever first occurs, pursuant to the eminent domain proceedings, said option shall be exercisable by notice to Lessors on or before the sixtieth day after the institution of such eminent domain proceedings.

If Lessee does not exercise such option, or if, during the term of this lease, less than fifty per cent (50%) in area of the leased property as it exists at the time of the execution hereof is taken as the result of the exercise of the power of



eminent domain, then the amount of the rental to become payable hereunder on and after the date title is vested in, or possession taken by, the condemnor, whichever first occurs, pursuant to the eminent domain proceedings shall be reduced by the amount of rental proportionate to the part so taken. Any award made in eminent domain proceedings shall be distributed between Lessors and Lessee as follows:

(a) Lessors shall receive all sums awarded as compensation for the taking of the land (including grading, sub-grading, and filling) and nothing contained in paragraph (b) of this clause 8 shall reduce these amounts.

(b) Lessee shall receive all sums awarded as compensation for the taking of any improvements made by Lessee upon the leased property (including without limitation buildings, installations, attachments, fixtures, and additions, but excluding grading, sub-grading and filling of the land).

9. Taxes, Assessments and Charges.

(a) Lessee shall pay prior to delinquency all taxes, assessments and other governmental charges and utility charges levied or assessed against the leased property which shall become due and payable after December 31, 1957, and during each and every calendar year thereafter up to and including the calendar year in which the lease term expires or in which the lease is termi-

nated, irrespective of whether heretofore or hereafter assessed (except estate, inheritance, succession, capital levy, or transfer tax of Lessors, or income, excess profits, or revenue tax, or any other tax, duty, assessment, charge or levy upon the rentals payable by the Lessee under this lease). Lessors shall pay prior to delinquency all such taxes, assessments, and charges which are or may become due and payable prior to January 1, 1958. Lessee shall also pay prior to delinquency all real or personal property taxes levied or assessed against the leased property which shall become due and payable during the calendar year following the year in which termination of this lease occurs, but only to the extent that such taxes are attributable to buildings, installations, spur tracks, additions, attachments or fixtures or other improvements removed by Lessee on such termination.

(b) If by law any tax, assessment or governmental charge is payable, or at the option of the Lessee may be paid, in installments, Lessee may, without being in default hereunder, and without being relieved of the obligation to pay all of any such tax, assessment or governmental charge, "except as may be otherwise provided in paragraph (c) of this clause 9, pay the same with such interest as shall have accrued thereon, if any, in such installments as they become due and payable, but in any event before any fine, penalty, or cost may be added thereto for nonpayment of any installment or interest.

(c) As to any special assessment for public improvements payable in installments, the lien for which is imposed during the term of this lease, Lessee shall pay all such installments whether falling due prior or subsequent to the date of termination or expiration of this lease, except that Lessors shall pay all such installments falling due subsequent to the date of termination or expiration of this lease, if Lessors consent to such improvement without the request of Lessee that Lessors do so, or fail to object thereto after request therefor by Lessee, or if both parties object thereto.

(d) Lessee shall have the right to contest all taxes, assessments, utility charges, duties, liens, or charges which it herein agrees to pay and any and all laws, rules, orders, ordinances, and regulations which it has anywhere herein agreed to comply with, and shall have the right to defer payment or compliance pending the termination of such contest, and Lessee hereby covenants and agrees to indemnify Lessors against any liability, loss, damage, cost or expense resulting from the deferment of payment, noncompliance with, or contest of any such tax, assessment, utility charge, duty, lien, or charge so contested or the noncompliance with, or contest concerning, any such law, rule, order, ordinance or regulation so contested.

10. Compliance with Law. Lessee shall comply with all laws, rules and regulations of any governmental agency having juris-

diction of the leased property affecting its use of such property.

11. Assignment and Sublease. This lease shall not be assignable by Lessee except that Lessee may without Lessors' consent assign to the U. S. Government or to any agency or instrumentality thereof and Lessee may without Lessors' consent sublet the leased property, in whole or in part; provided, however, that any such assignment or subletting shall not relieve Lessee from any of its obligations under this lease.

12. Default of Lessee. If at any time during the term of this lease Lessee shall fail to pay the rentals provided for herein or if Lessee shall fail to comply with any of the terms and conditions of this lease relating to the obligations of Lessee, then Lessors shall give written notice to Lessee to pay such rentals, or otherwise comply with the terms and provisions of this lease, as the case may be, and if such default is not cured within thirty (30) days after receipt by Lessee of such notice, Lessors shall have, in addition to such remedies as may be afforded by the laws of the State of Washington, the power and right to declare this lease cancelled and to re-enter the leased property, but notwithstanding such cancellation and re-entry by Lessors, the liability of the Lessee for the rent provided for herein shall continue and in the discharge of such liability Lessee covenants and agrees to make good to Lessors any deficiency arising, during the period from such re-entry to the



next date as of which this lease may be terminated, from the re-entry and reletting of the property at a lesser rent than herein reserved and to pay such deficiency each year as the amount thereof is ascertained by the Lessors; provided, however, that if this lease or any part thereof be assigned to the U. S. Government or to any agency or instrumentality thereof, any such notice with respect to default shall be given to both assignor and assignee and the period within which such default must be cured to avoid such right of cancellation by Lessors shall be sixty (60) days after receipt of such notice by assignor and assignee; provided, further, that upon any such cancellation as herein provided, Lessors shall use reasonable efforts to relet the property at the highest rental obtainable.

13. Indemnity. Lessee covenants and agrees to indemnify Lessors against any liability, loss, damage, cost or expense resulting from:

(a) Any lien or encumbrance arising from Lessee's use of the leased property, or Lessee constructing, erecting or making improvements thereon;

(b) Any damage or injury of whatsoever kind or by whomsoever caused to any person or property on or about the leased property, however caused, and whether due in whole or in part to any act or acts or negligence on the part of Lessors, their agents or servants, whether such acts be active or passive, except to the extent caused by negligence on the part of Lessors, their agents or servants, oc-

curing subsequent to the commencement of the lease term; provided, that the foregoing indemnity shall be applicable only to the extent of any liability not covered by or in excess of such valid and collectible insurance as Lessors may have in effect at the time of such liability, without in any way obligating Lessors to carry any such insurance.

14. Insolvency. In the event Lessee becomes insolvent, voluntarily or involuntarily bankrupt, or if a receiver, assignee, or other liquidating officer is appointed for the business of Lessee, then Lessors may terminate this lease at their option.

15. Waiver. Failure of Lessors to insist upon strict performance of any of the covenants and agreements of this lease shall not be construed as a waiver or relinquishment of any such covenants or agreements, or any other covenants or agreements, but the same shall be and remain in full force and effect. The receipt of rent, with or without knowledge of any breach of this lease, shall not be deemed to be a waiver as to any breach of any covenant or agreement contained herein, and the receipt of rent after any breach of this lease shall be construed to be payment for the use and occupancy of the property and no waiver shall be claimed as to any provision of this lease unless the same be in writing, signed by the Lessors.

16. Rental Payments and Notices. Rental payments and any

notice or request required or authorized hereunder shall be given in writing and sent by registered mail to the address indicated below, or to such other address as the party to receive the notice or request shall designate:

Lessors: c/o Trust Department  
The National Bank of Commerce of Seattle  
Second and Spring Street  
Seattle, Washington

Lessee: Boeing Airplane Company  
Seattle Division  
Box 3707  
Seattle 24, Washington  
Attention Director of Contract Administration

In the event this lease is assigned to the U. S. Government or to any agency or instrumentality thereof, any notice required or authorized hereunder to be given to such assignee, shall be sent to the assignee at such address as Lessee shall advise Lessors, and in the absence of such advice no such notice need be given.

17. Successors and Assigns. The terms, conditions and provisions of this lease shall be binding upon and inure to the benefit of the parties, their heirs, executors, administrators, successors and assigns.

## A G R E E M E N T

THIS AGREEMENT is entered into as of the 1st day of September, 1966, by and between ASSUNTA DESIMONE, a widow, and THE NATIONAL BANK OF COMMERCE OF SEATTLE, HARDOLD S. SHEFELMAN, RICHARD DESIMONE and MONDO DESIMONE, as trustees under the Last Will and Testament of GUISEPPE DESIMONE, deceased, hereinafter referred to as "Lessors", and THE BOEING COMPANY, a Delaware corporation, hereinafter referred to as "Lessee".

WHEREAS, Lessors and Lessee entered into a Lease dated September 18, 1957, a copy of which was filed with the King County Auditor, Seattle, Washington, Auditor's Receipt Number 5744334, June 4, 1964, which Lease provides in clause 4(c) for an adjustment of the annual rent for the 10-year rental period beginning September 1, 1967, the new annual rent to be 5% of the appraised per square foot land value as of September 1, 1966 multiplied by the number of square feet of land area subject to the Lease; and

WHEREAS, the total number of square feet now subject to the Lease totals 514,131 square feet; of which 436,266 square feet were included within the original Lease, 60,250 square feet were obtained under clause 2(a) of the Lease when the Lessors obtained the northerly half of the abandoned bed of the Duwamish River known as Slip 7, and 17,615 square feet were obtained under clause 2(b) of the Lease when South 98th Street was vacated and the northerly half thereof reverted to the Lessors; and,

WHEREAS, the parties hereto have agreed pursuant to clause 4(d)(i) of the Lease that as of September 1, 1966, the appraised



value of the land then subject to the Lease was ninety cents  
(\$ .90) per square foot; Now, Therefore,

In consideration of the mutual benefits to all the  
parties and the promises hereinafter set forth;

IT IS AGREED AS FOLLOWS:

1. Clause 4(a) of the Lease is amended to read as follows:


"For the leased property described in clause 1  
together with the current additions thereto  
provided for in clause 2, Lessee agrees and coven-  
ants to pay to Lessors, in two equal installments,  
one on the first day of the months of September  
and March, respectively, during each year of the  
lease term, rental at an annual rate of Twenty-Three  
Thousand One Hundred and Thirty-Six Dollars (\$23,136.00)."

2. Except as hereinabove amended, the Lease is ratified  
and confirmed and remains in full force and effect.

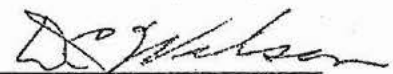
IN WITNESS OF THEIR AGREEMENT, the parties have executed  
the same as of the date above written.

Assunta Desimone  
ASSUNTA DESIMONE

THE NATIONAL BANK OF COMMERCE  
OF SEATTLE

By   
Its Vice President

Attest:

  
Its Trust Officer